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DEFENSE ISSUES

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The morale, welfare and recreation program in today's military must serve service members with top-notch facilities and equipment as well as provide their family members with quality child care and youth programs.

Volume 13 Number 23

MWR Programs Vital to Quality of Life Issues

Statement of Carolyn H. Becraft, deputy assistant secretary of defense for personnel support, families and education, to the House National Security Committee Special Oversight Panel On Morale, Welfare And Recreation, Washington, March 12, 1998.

Mr. Chairman and members of the panel, I am honored that you invited me to appear before you today, along with the MWR commanders from each of the military services, to testify on the department's morale, welfare and recreation program. I am pleased to have this opportunity to discuss this very important readiness and nonpay benefit program that we provide to military members and their families.

MWR supports military commanders who depend on high-quality, mentally and physically fit, and highly motivated people to maintain the security of the nation. While the MWR system has undergone significant change over time, the underlying importance of the MWR program remains solid.

MWR is an important part of the department's quality of life arsenal. It is also a reliable and vital tool for field commanders to use to help maintain the most dedicated, capable and professional military force in the world. Today, we are positioned to put stability and predictability back in military life after the turmoil of the last decade. We want to ensure that our MWR programs are positioned to prosper into the next century, and meet the modern needs of our future military members and their families.

I would like to thank the Congress, and this panel in particular, for your ardent support of this important program. It has been largely through your leadership, oversight and partnership with the department that MWR continues to be the strong and mission-oriented program that it is today. While the list of assistance you've given us would take far more time than allotted, I would like to mention just a few recent examples of where your assistance has, and continues to be, vital.

In the area of construction, the panel has encouraged the department to seek ways to ensure capitalization continues on a steady track, so we can continue to have high-quality facilities for MWR programs. This has been difficult to do some years, but with your encouragement for initiatives to free up capital for construction, the program is rebounding and is becoming healthier.

Associated with your assistance in improving the nonappropriated fund capital posture is your encouragement to seek partnerships with the private sector to provide MWR facilities and programs. Public-private ventures are rapidly becoming an important part of how we deliver quality MWR services in the department. I appreciate your support for the public-private venture initiatives we sent to you in the past and assure you that we are planning to submit additional initiatives in the near future. The department will work hard to make sure these partnerships are successful for all parties, and provide significant quality of life value to our service members and their families.

The panel has also helped the MWR program improve appropriated funding for our Category A mission-essential and Category B community-support MWR programs, through support of the department's MWR budget requests, and your oversight. I'm very pleased to report that the funding is healthy and continues to move favorably toward the standards we set.

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For FY [fiscal year] 1998 the department expects to spend about \$1.35 billion in appropriated funds to support MWR programs. This would be an increase of \$53 million over the previous year. For the FY 1999 budget we are requesting \$1.43 billion, or an increase of \$80 million. This funding line clearly shows in the most tangible terms possible how important the department views the MWR programs.

You've given us the opportunity to conduct MWR operations in a more businesslike fashion with your direction to test a new funding practice for MWR support. This Uniform Funding Demonstration project allows us to test the feasibility of spending appropriated funds by using nonappropriated fund rules.

Your direction opens doors to improved effectiveness and efficiency in MWR that has never been experienced before, and we appreciate the opportunity to explore the possibilities related to this demonstration. From a program management standpoint, the practice is receiving rave reviews at the installations.

Recognizing your concerns, we have constructed a careful test and evaluation process to assure that we have solid financial controls in place.

While I understand that I am preaching to the choir, I do want to go on record with a few thoughts about the importance of the MWR business. We are committed to ensuring high-quality programs and services are available and accessible to the patriots who so selflessly defend our nation.

On any given day, at a variety of locations throughout the world, in all kinds of environments, and facing a wide range of dangers, there are soldiers, sailors, airmen and Marines serving this nation. They keep the peace, help build nations, deter potential adversaries, serve as ambassadors -- and if the nation requires -- fight and win wars.

We can never adequately replace missed birthdays, weddings, anniversaries, graduations, piano recitals and family reunions. We do not give overtime pay for the long hours and the constant vigilance. And we don't compensate family members who work hard as volunteers to help make units close-knit families and transform military communities into the hometowns that they are worldwide.

We ask a lot of our service members and their families and they freely give.

Today, we have a new generation of young men and women who have high expectations for their careers and high expectations for their off-duty time. They value physical exercise, libraries and learning, and access to the Internet. Our programs need to be flexible and innovative in meeting the needs of this new generation of customer. Our high rates of optempo [operations tempo] and perstempo [personnel tempo] exacerbate the need for high-quality, responsive recreational opportunities to offset this pace of operations.

For these reasons, I can tell you that the MWR benefit is highly prized by service members and their families. I also can tell you that field commanders view MWR as a vital tool for readiness and retention by providing programs and services that keep people sharp, reduce stress and anxiety, build skills and self-confidence, and help form strong esprit de corps. For the department, these programs allow us to compete in the labor market with the company downtown, which is offering desirable benefits to attract and retain the best.

The essence of the MWR mission is to promote and support improved productivity, mental and physical fitness, individual growth, positive values, esprit de corps and family well-being. MWR programs take care of people and support ready forces for military commanders every single day. They are our message to the troops that we care. I believe they are a strong influence on the service member decision about making the military a career.

We have a number of initiatives under way designed to continuously improve the programs and services we offer our service members and families. Our efforts have focused on ensuring the correct levels of funding support, upgrading and modernizing the programs most important to our communities, and improving the management of our programs.

We've worked very hard to place the right amount of appropriated funds in the programs. Since 1995, we've measured progress toward department-established funding goals. I am happy to tell you that every service has made progress toward achieving our minimum goals. We established a minimum goal of 85 percent of all expenses being paid by appropriated funds for our Category A mission-essential programs -- programs like fitness, libraries and recreation centers. In fiscal year 1995, the department as a whole was at 83 percent. In 1996, the department achieved 86 percent, with two of the services achieving the minimum standard.

For our Category B community programs -- like arts and crafts and outdoor recreation -- we established a goal of 65 percent. In 1995 the department was at 57 percent, and in 1996, we had improved to 60 percent. The origins of this recent success can be traced to the quality of life efforts launched by the secretary of defense in 1994. The secretary provided over \$129 million in FY 95 and FY 96 to the military services specifically for MWR programs.

Examples of what this funding paid for include purchasing new or replacement equipment for fitness centers; renovating arts and crafts centers, swimming pools and libraries; acquiring automation for some libraries; expanding child care availability and training personnel to improve their effectiveness. This was quite an investment and there was quite a payoff. Commanders in the military services came on board and strongly supported continuation of this momentum.

The result of all these efforts is successful movement toward the right levels of funding for these important programs. We've almost gained comparable funding at these minimum funding levels across the services. We're now working to achieve our core standard, which is to ensure that those expenses which are authorized appropriated funds are fully paid by appropriated funds.

While we are pleased with this progress and proud of our joint effort over the last few years, these funding standards should be viewed as a picture of where MWR is today. They do not capture the need for new requirements or program modernization. We are actively engaged with the military departments in identifying basic standards to achieve consistency in those programs rated most important by our MWR customers.

Traditionally, the MWR requirement has been defined by available resources rather than program objectives. The more stable force and base structure and a more predictable stream of appropriated resources now permit the department to turn its attention to defining program requirements and refining resource allocations.

As the appropriated funding improved, the nonappropriated funding was also getting attention. Last year, the exchanges distributed \$343 million to MWR -- a \$24 million increase over the prior year. The service MWR programs have placed great emphasis on improved business practices, increasing customer service and better quality.

The results are that the recreational programs that can be self-sustaining through revenue generation are in sound financial condition. Departmentwide, these programs had a profit of \$182 million for FY 97. This is an increase of 59 percent from the previous year. This volatility in profits is a challenge that we are addressing with some measure of success.

As a result of changes in available appropriations, exchange dividends and Category C profits, the available NAF [nonappropriated funds] can fluctuate dramatically. This is particularly noticeable in the MWR capitalization programs. Although we have made significant progress in developing a more predictable stream of appropriated and nonappropriated fund revenues, there remain significant challenges in this area, including the need to adjust programs rapidly to keep pace with customer expectations, aging infrastructure and labor costs.

There are still some losing operations. Because the mission of MWR is not to make a profit, but to take care of people, local commanders and the service headquarters carefully study each activity that has financial difficulties in order to arrive at the best solution. Often program or price restructuring, different

marketing or program consolidation is the right answer. What's important to know is that each service has a sophisticated tracking system that flags those activities that need attention, and they have an evaluation process to deal with the problem.

It's also important to point out that MWR programs, whether they are Category A, B or C, all are inextricably linked. While issues may arise within a specific MWR category or activity, the fact is that all the activities work in harmony to provide a "system" of community and mission support. The revenue-producing recreation programs like golf, bowling, and scuba and flying clubs have an important place in the MWR mission and complement the fitness centers, sports programs, outdoor recreation and arts and crafts activities. They are linked, and without them as part of the system, MWR becomes less capable of supporting the needs of the department, and the military community.

We've been working very hard this past year to improve MWR program management. In particular I want to address four areas of concentration: the Uniform Resource Demonstration Project; the MWR Utilization, Support and Accountability Practice; public- private ventures and planning; and initiatives in planning and standards.

The Uniform Resource Demonstration Project began in October of 1996 with the test at six installations. We have been tracking progress for over a year. We have met with installation commanders, reviewed reports and have physically visited every site. I can tell you that the managers in the field are excited about the possibilities that this program holds.

Evidence thus far is positive. For example, repair of broken equipment in fitness centers is being accomplished in a fraction of the time that it took previously, there's evidence that managers receive greater value for the price paid to buy equipment and supplies, and hiring employees is much faster.

As you can appreciate, contemplating a major change in the funding practice for MWR is a significant undertaking, and it's receiving great scrutiny. You asked us for a report on the test not later than the end of December of this year. That's three months after the end of the test. We may ask for an extension on the report date to ensure we've adequately reviewed the test results. We do ask that you allow us to let the six installations continue the practice until a permanent funding change takes place. This latter change would let these six installations have a stable funding execution environment over time rather than requiring them to change processes several times before a final funding practice is approved.

While we are engaged in reviewing the URD test, we have implemented another important management tool. In response to your request that we provide a report on reinstating the reimbursement practice, we submitted a report to you on Feb. 20, 1997, in which we described a policy entitled MWR Utilization, Support and Accountability (USA) Practice. This policy allows MWR appropriated fund support to be provided through a memorandum of understanding with nonappropriated fund instrumentalities. This MOU outlines the MWR services to be provided by the nonappropriated fund activity and the amount of appropriated funds to be provided. The MWR activity then receives the appropriated funds specified in the agreement. Installations have been authorized to operate under this policy since Oct. 1, 1997.

Last year at this time you discussed the prospect of public- private ventures. I'm pleased to tell you that we are almost finished with a department policy on PPVs that will provide the framework for implementation and oversight. While the exchanges have been especially active in this arena during the past year, we anticipate that the MWR programs will have several initiatives in the upcoming submission.

We appreciate your support for these efforts and believe the initiatives will result in a marked improvement in services to the military communities affected. As part of our process we are taking great care to work these initiatives with the local communities to ensure there is mutual benefit and cooperation. We are very pleased with our progress so far and will continue to work these partnership arrangements where they make sense.

In the spirit of the Government Performance and Results Act (GPRA), we are reviewing our planning processes in order to tie planning and results more closely together. We published a department MWR

strategic plan in 1996 and are in the final stages of developing supporting plans for key MWR programs.

In addition, we reported to you last year that we were working on developing department standards for key MWR programs that form the final link with the planning process. The first of these standards is entering final staffing now. We expect them to help guide program success and direction, while allowing each service to tailor MWR programs to their specific needs. We are quite proud of the planning system we're developing. The planning, operational standards and funding standards will collectively form a solid foundation for quality MWR programs in the department.

In the end, we can add funds and we can improve management practices, but we need to ensure that the programs and activities most desired by our population and the most essential to mission readiness are available to our communities. It is not enough for these programs to "be there." They need to reflect modern needs and expectations and we want them to be of high quality. The following programs have been targeted for special attention at OSD [Office of the Secretary of Defense].

- Fitness

- Young people today want to work out as a part of their social as well as physical goals. It is the most important readiness support program we offer in MWR and surveys in each of the services place show it to be the top program among MWR customers.
- The 1995 DoD Quality of Life Task Force report cited the importance of fitness centers and the need to improve and expand this program. With this in mind, the department initiated "Operation Be Fit" as a program designed to improve MWR programs and activities that involve physical activity and encourage increased physical activity within the military community. The target audience involves service members, family members, retirees and DoD civilians. The U.S. Surgeon General's Report on Physical Fitness and Health, published in 1996, clearly shows the health benefits of being more physically active. For the department, that translates into increased productivity, lower health care costs, reduced illness and overall increase in quality of life.
- "Operation Be Fit" includes a comprehensive review and study of facilities, programs and usage, as well as an awareness campaign to encourage individual efforts. Our recently completed fitness survey demonstrates the services' commitment in that of the 576 facilities reported, there were 137 facilities rated in excellent condition. However, we also found that for all the hard work, we still had about 22 percent of our facilities in poor condition. In most cases, the poor facilities were the main fitness facilities on the installation, and often the only fitness facility on an installation. A review of our military construction program since 1995 shows we've had 16 projects approved. The construction need is significant. Our challenge is to balance this need against the other valid requirements in the overall department construction program. The services have the information about where these construction requirements are, so they can include them in their future construction planning.

- Libraries

- We believe our libraries need to be revitalized to become the information hubs on the installation. When some MWR libraries were under consideration for closure for economic reasons, we received mail from all over the world complaining that an important part of the community was being eliminated. While commanders must certainly review every program to confirm need, we consistently see libraries rated in the top five MWR programs in terms of both usage and importance. Furthermore, they fulfill many unique military requirements, offering a place for information on career and transition assistance, military professional development materials, support for voluntary education and a resource for lifelong learning.
- We are seeing a trend of construction of education centers combined with libraries and of increasing automation and access to the Internet. We strongly support these service initiatives and have engaged a service forum of library experts to develop standards that will take our libraries into the next century and meet the needs of our present and future force.

- Child Development Program

- We are particularly proud of our accomplishments in this critically important component of

our MWR force support structure.

- With 65 percent of military spouses in the work force, the need for child care remains high. The department's child care system is the largest employer-sponsored child care system in the country. On any given day we care for approximately 200,000 children, birth through 12 years of age. Child care is offered at over 320 locations worldwide in over 788 child development centers and school-age care facilities and 9,700 family child care homes. Currently, we meet 57 percent of the need for care with 170,700 spaces. Our goal is to meet 65 percent. We have a projected need for 299,278 spaces. We are aggressively working to expand child care spaces on and off base to achieve this goal.
- The Department of the Navy and the Defense Logistics Agency continue to serve as our executive agents for outsourcing child care. The Navy is purchasing child care spaces in accredited child care centers by "buying down" the cost for military families. While contracts have been awarded, the much needed and more expensive care for infant and toddler spaces is hard to find in the civilian sector.
- The Navy is also conducting an A-76 commercial activities study for the military child development program in the San Diego area. The goal of this study is to determine if the private sector can manage the current on and off base accredited centers and family child care homes. DLA is testing the management and operation of a military-constructed child development center by a private contractor in Dayton, Ohio. The department has commissioned the Rand Corp. to conduct a study to determine the cost effectiveness of these contracting options. The study is scheduled to begin this spring.
- Last year you asked us to report our efforts to partner with the civilian child care community. I am pleased to report that our efforts to outreach with the civilian sector have been very successful. The department is proud to have been singled out by the president as a model for the nation in child care. To share our lessons learned in child development programs we have developed partnerships with the Department of Health and Human Services, the General Services Administration and the National Governor's Association. The department has also created a website and established a clearinghouse of military child development programs as a way to share materials and lessons learned.

- Youth Programs

- As you noted last year, DoD youth programs have not kept pace with the needs of youth and the complex issues they face. You asked us to report back to you our recommendations to improve programs for youth. Over the last year, we have directed considerable attention towards improving programs and services for our youth. We completed the first-ever study of military youth's attitudes, beliefs and perceptions about military life. The results of the study validate the need for more comprehensive youth programs that address health and social issues, and alternatives to risk-taking behaviors. We formed a DoD task force to review youth programs and drafted a DoD youth policy that includes recreational and social programs to prevent risk-taking behaviors, and ways to recognize the positive things youth do through volunteerism, scholarship and citizenship. We are also committed to involving youth in the design and implementation of youth programs.
- We recognize relocation can be especially stressful on youth at this vulnerable time of their lives. Research indicates that positive adjustment depends on the parent-child relationship and the ability of youth to make friends. We have completed an interactive Internet site, "Military Teens on the Move," for youth 10-18 years of age to ease the stress of relocation. The web site features a bulletin board and monitored chat room to help youth learn about their new communities and schools, and make new friends and keep in touch with old friends. The web site also has information for youth about relationships with parents and friends, careers and volunteer opportunities.
- Finally, we have encouraged partnering with local communities to maximize the use of facilities, programs and resources. Our youth programs have formed partnerships with youth serving agencies such as Boys and Girls Clubs of America, 4-H and Cooperative Extension Services. Our most successful partnership to date is with the Boys and Girls Clubs of America. Each of the services has signed memorandums of agreement with the Boys and Girls Clubs of America. This sharing of training and program resources has benefited our youth staff, improved on base programs and helped us reach our youth living off base in

local communities.

- Model Communities (Youth Initiative)

- Our 1995 Model Community Incentive Award Initiative will come to a close the end of March. The initiative called for the development of creative ways for addressing youth issues of gangs, at-risk behaviors and delinquency. We look forward to receiving final reports from each of the 20 projects and determining what could become, "best practice" from the range of successful approaches developed.

- Deployed MWR

- MWR programs are not only supporting military communities at home installations, they deploy with the troops in the field. From field libraries to recreation programs and from movies and live professional entertainment to free weights and treadmills, MWR is in the field in force. MWR professionals, both military and civilian, deploy to support troops in the field.
- For example, in Bosnia, formal recreation programs have been provided at 28 base camps or sites since operations began. MWR programs are taking place in permanent buildings and tents. Fitness equipment, movies, entertainment and reading materials are some examples of deployment support. In May 1997, the Army established a rest and recuperation program which offers troops leave to a choice of destinations in the U.S. or to Frankfurt, Germany. In addition, in-country passes are available for three days in Budapest, as well as day trips in Hungary.

MWR programs are individual activities that are interlinked into a complete system that supports community and unit cohesion, individual development, family wellbeing and the mission of the total force. Our vision of MWR in the 21st century includes dynamic fitness centers with state of the art equipment [and] certified fitness trainers in modern, spacious facilities.

We see libraries that are in high demand with access to the Internet and contributing to career development and lifelong learning; child care that is the best in the world; youth programs that address social and health needs of young people today; business activities and revenue-generating recreational activities that are state of the art, profitable where they can be and augmented by public-private ventures that expand our capacity to provide our community programs. We want our commanders empowered with new financial tools that will give them the ability to operate with maximum efficiency and effectiveness.

MWR exists wherever there is a military community or unit. It's an important tool for the commander at home and in the field. The Congress is a strong partner in helping us achieve our important goals, and we appreciate your support. This is the department's MWR program today and one you have helped create. From all of the soldiers, sailors, airmen and Marines, thank you. ...

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